

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-01
SS-15 NSC-05 /048 W
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R 192227Z APR 77

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3975

INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: EAIR, ENRG, EC

SUBJECT: CIVAIR-AVAILABILITY OF FUEL FOR BRANIFF

1. EMBOFF MET WITH AMBASSADOR ARTURO LECARO, DIRECTOR OF THE DIPLOMATIC DEPARTMENT IN THE FOREIGN MINISTRY, REGARDING THE SHORTAGE OF FUEL FOR BRANIFF IN ECUADOR, AND LEFT AIDE-MEMOIRE (TEXT BELOW). EMBOFF EMPHASIZED THAT ECUATORIANA WAS SUBJECT TO NO FUEL RESTRICTIONS IN THE UNITED STATES, AND ASKED THAT BRANIFF BE ALLOWED TO IMPORT FUEL FOR ITS OWN NEEDS IN ECUADOR. LECARO PROMISED AN IMMEDIATE REPLY, BUT EMBASSY ALSO PLANS TO PURSUE THE MATTER NEXT WEEK WITH THE FOREIGN MINISTRY' DIRECTOR OF ECONOMIC AFFAIRS AFTER HIS RETURN FROM A CURRENT MEETING IN LIMA.

2. FOLLOWING IS ENGLISH-LANGUAGE TEXT OF AIDE-MEMOIRE (WHICH WAS PRESENTED IN SPANISH):

BEGIN QUOTE. THE AIR TRANSPORT SERVICES AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND ECUADOR SIGNED AT QUITO ON JANUARY 8, 1947, STIPULATES IN SECTION I OF THE ANNEX TO IT: "...THE AIRLINES OF THE TWO CONTRACTING PARTIES OPERATING ON THE ROUTES
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DESCRIBED IN THIS ANNEX SHALL ENJOY FAIR AND EQUAL OPPORTUNITY FOR THE OPERATION OF THE SAID ROUTES."

3. FOR SEVERAL MONTHS NOW, THE U.S. CARRIER BRANIFF INTERNATIONAL HAS NOT ENJOYED IN ECUADOR "FAIR AND EQUAL OPPORTUNITY" FOR THE OPERATION OF ITS ROUTES, AS COMPARED WITH THE OPPORTUNITIES BEING OFFERED TO THE

ECUADOREAN CARRIER ECUATORIANA DE AVIACION ON ITS ROUTES IN THE UNITED STATES. BRANIFF HAS BEEN SUBJECTED TO A QUOTA FOR THE PURCHASES OF JET AVIATION FUEL IN ECUADOR, WHEREAS ECUATORIANA HAS BEEN SUBJECT TO NO QUANTITATIVE LIMITATIONS ON ITS PURCHASES OF JET AVIATION FUEL IN THE UNITED STATES; AND BRANIFF HAS BEEN OBLIGED TO PAY 54.06 U.S. CENTS (EQUIVALENT) PER U.S. GALLON FOR JET AVIATION FUEL PURCHASED BY IT IN ECUADOR, WHILE ECUATORIANA HAS BEEN PAYING ONLY APPROXIMATELY 35 U.S. CENTS (EQUIVALENT) PER U.S. GALLON FOR ITS PURCHASES OF SUCH FUEL IN THE UNITED STATES.

4. IN RESPONSE TO QUERIES BY BRANIFF INTERNATIONAL AND BY THIS EMBASSY, THE APPROPRIATE OFFICIALS OF THE CORPORACION ESTATAL PETROLERA ECUATORIANA (CEPE) HAVE STATED THAT THE DISCRIMINATIONS BEING SUFFERED BY BRANIFF WILL BE TERMINATED WHEN THE REFINERY LOCATED AT ESMERALDAS BEGINS PRODUCING JET AVIATION FUEL. THE START OF SUCH PRODUCTION HAS BEEN VARIOUSLY ESTIMATED AT JUNE, JULY OR AUGUST OF THIS YEAR. THE CEPE OFFICIALS STATED THAT THE REFINERY'S PRODUCTION WILL BE ADEQUATE TO ENSURE THAT ALL DOMESTIC AND FOREIGN CARRIERS OPERATING IN ECUADOR, INCLUDING BRANIFF, WILL NORMALLY BE ABLE TO OBTAIN ALL THE JET AVIATION FUEL THEY REQUIRE LOCALLY.

5. IN VIEW OF THE FACT, ACKNOWLEDGE BY CEPE OFFICIALS, THAT THE DISCRIMINATION AGAINST BRANIFF WILL BE CONTINUING FOR AT LEAST THE NEXT SEVERAL MONTHS, DURING WHICH PERIOD BRANIFF WILL BE FACED WITH PRESSING LIMITED OFFICIAL USE

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OPERATIONAL PROBLEMS BECAUSE OF THE RESTRICTED LOCAL AVAILABILITY OF JET AVIATION FUEL, THE FOREIGN MINISTRY IS REQUESTED TO TAKE THE NECESSARY MEASURES TO ENSURE THAT BRANIFF WILL BE PERMITTED TO IMPORT 15,000 BARRELS OF JET AVIATION FUEL DURING THE PERIOD PRIOR TO OPERATION OF THE ESMERALDAS REFINERY, AND THAT BRANIFF WILL BE PERMITTED TO STORE THIS IMPORTED QUANTITY IN THE STORAGE SYSTEM WHICH IS UNDER THE SUPERVISION OF CEPE AT GUAYAQUIL.

6. THE REQUESTED IMPORTATION COULD EITHER BE DIRECTLY FOR THE ACCOUNT OF BRANIFF, OR FOR THE ACCOUNT OF CEPE WITH THE UNDERSTANDING THAT THE FULL AMOUNT WOULD IN TURN BE SOLD TO BRANIFF AT THE COST OF IMPORTATION. IF CEPE SHOULD IMPORT SUFFICIENT FUEL, NO IMPORTATION BY BRANIFF WILL BE NECESSARY.

7. IF THE ABOVE-REQUESTED PERMISSION IS GRANTED PROMPTLY, IT WOULD EFFECTIVELY REDUCE DISCRIMINATION AGAINST BRANIFF WHICH CONTRAVENES THE AIR TRANSPORT SERVICES

AGREEMENT BETWEEN OUR TWO GOVERNMENTS. WE WOULD EXPECT THIS TYPE OF ARRANGEMENT TO CONTINUE UNTIL THE ANTICIPATED START OF PRODUCTION OF JET AVIATION FUEL BY THE REFINERY AT ESMERALDAS. IN THE EVENT THAT THE START OF SUCH PRODUCTION IS DELAYED BY ONE OR MORE MONTHS BEYOND AUGUST OF THIS YEAR, WE WOULD OF COURSE WISH TO HAVE PERMISSION FOR AT LEAST ONE ADDITIONAL IMPORTATION OF JET AVIATION FUEL FOR BRANIFF'S USE.

8. THE PROMPTTEST POSSIBLE RESPONSE OF THE FOREIGN MINISTRY WOULD BE GREATLY APPRECIATED.
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